



DIVISION OF FINANCE

301 West High Street, Room 630
P.O. Box 716
Jefferson City, MO 65102-0716
(573) 751-3242
(573) 751-9192 FAX
finance.mo.gov

Richard J. Weaver
Commissioner of Finance

September 10, 2010

The attached report represents a consolidation of Reports of Condition filed by state-chartered banks with the Missouri Division of Finance as of June 30, 2010, and a comparison with the statements filed one year earlier. Also included is a comparison of financial statements of state-chartered and national banks.

During the previous twelve months, the number of state chartered banks and trust companies decreased by seven from 292 to 285. Two banks and one nondeposit trust company merged into other institutions. Five state chartered banks closed in the twelve month period. There was one new bank charter granted when a national institution converted to a state chartered bank.

Assets in state-chartered banks totaled \$77.0 billion on June 30, 2010, a decrease of 1.3 percent from one year earlier. Deposits were \$62.9 billion, down 0.4 percent. Total loans were \$51.3 billion on June 30, 2010, down 6.4 percent.

The decline in total loans is the result of several factors. One large bank's sale of a number of out of state branches, including the loans originated at those branches, to out of state banks accounted for most of the decline. Many other banks report a lack of loan demand. During the previous 12 months, over one half (143 of 279) of state chartered banks increased loan balances, but these increases were not sufficient to offset the significant decreases reported by the other institutions.

Asset quality remains challenging for Missouri state-chartered banks, but the overall ratio of past due loans to total loans fell from 5.36% at the end of the first quarter to 4.87 percent as of June 30, 2010. Banks continue to strengthen reserves for the adverse effects of the economy on loan portfolios, as Allowances for Loan and Lease Losses increased to 2.27 percent of total loans. Other real estate continues to grow and totaled \$999 million at the end of the second quarter. One year before, other real estate totaled \$770 million. Two years before (June 30, 2008), the total was \$377 million.

The return on assets for the first half of the year was 0.13 percent; however, large losses at three banks heavily influenced this ratio. The return on assets for the remaining 276 banks was 0.67 percent. 102 (or 37 percent) of the 279 banks had a return on assets of 1 percent or more. Provision expense appears to be moderating as the first half of 2010 totaled \$378M, compared to \$456M at June 30, 2009.

A handwritten signature in dark ink, appearing to read "Richard J. Weaver".

Richard J. Weaver
Commissioner of Finance

**COMPARATIVE STATEMENT OF CONDITION
STATE BANKS AND TRUST COMPANIES IN MISSOURI
AS OF JUNE 30, 2010**

| THOUSANDS OF DOLLARS | 279 BANKS 6/30/2010 | 285 BANKS 6/30/2009 | INCREASE DECREASE() | PERCENT CHANGE |
|---------------------------|---------------------------|---------------------------|------------------------|-------------------|
| ASSETS | | | | |
| Total Loans | \$51,299,715 | \$54,801,885 | (\$3,502,170) | -6.4% |
| Allowance for Loan Losses | 1,163,946 | 1,070,135 | 93,811 | 8.8% |
| Total Assets | 77,012,882 | 78,039,865 | (1,026,983) | -1.3% |
| LIABILITIES | | | | |
| Total Deposits | 62,863,838 | 63,100,696 | (236,858) | -0.4% |
| Total Equity Capital | 7,802,001 | 7,840,944 | (38,943) | -0.5% |

| OPERATING RATIOS | 6/30/2010 | 6/30/2009 | CHANGE |
|--|-----------|-----------|--------|
| Equity Capital/Assets | 10.13% | 10.05% | 0.08% |
| Tangible Equity Capital/Assets | 8.88% | 8.71% | 0.17% |
| Capital and Allowance for Loan Losses/Assets | 11.64% | 11.26% | 0.38% |
| Total Loans/Assets | 66.61% | 70.22% | -3.61% |
| Past Due and Nonaccrual Loans/Total Loans | 4.87% | 4.26% | 0.61% |
| Allowance for Loan Losses/Loans | 2.27% | 1.95% | 0.32% |
| Average Net Interest Margin | 3.89% | 3.69% | 0.20% |
| Return on Assets | 0.13% | -0.20% | 0.33% |

NOTES:

2009 does not include seven nondeposit trust companies.
2010 does not include six nondeposit trust companies.

**COMPARATIVE STATEMENT OF CONDITION
STATE AND NATIONAL BANKS IN MISSOURI
AS OF JUNE 30, 2010**

| MILLIONS OF DOLLARS | 6/30/2010 | | | 6/30/2009 | PERCENT CHANGE |
|-----------------------------|-----------------------|-------------------------|---------------------|---------------------|-------------------|
| | 279 STATE BANKS | 34 NATIONAL BANKS | 313 ALL BANKS | 321 ALL BANKS | |
| ASSETS | | | | | |
| Cash and Due from Banks | 5,800 | 3,844 | 9,644 | 6,408 | 50.5% |
| Investment Securities | 13,781 | 12,869 | 26,650 | 22,202 | 20.0% |
| Total Loans and Leases | 51,300 | 22,610 | 73,910 | 79,624 | -7.2% |
| Less: Reserves | 1,164 | 548 | 1,712 | 1,564 | 9.5% |
| Federal Funds Sold | 740 | 245 | 985 | 3,098 | -68.2% |
| Fixed Assets | 1,546 | 848 | 2,394 | 2,492 | -3.9% |
| Other Real Estate | 999 | 273 | 1,272 | 874 | 45.5% |
| Intangible Assets | 962 | 260 | 1,222 | 1,411 | -13.4% |
| Other assets | 3,049 | 946 | 3,995 | 3,091 | 29.2% |
| TOTAL ASSETS | \$77,013 | \$41,347 | \$118,360 | \$117,636 | 0.6% |
| LIABILITIES | | | | | |
| Total Deposits | 62,864 | 33,050 | 95,914 | 94,243 | 1.8% |
| Deposits over 100M | 11,174 | 4,249 | 15,423 | 15,777 | -2.2% |
| Brokered Deposits | 4,621 | 375 | 4,996 | 7,039 | -29.0% |
| Federal Funds Purchased | 2,252 | 3,011 | 5,263 | 5,350 | -1.6% |
| Other liabilities | 4,095 | 1,707 | 5,802 | 6,728 | -13.8% |
| TOTAL EQUITY CAPITAL | 7,802 | 3,579 | 11,381 | 11,315 | 0.6% |
| TOTAL | \$77,013 | \$41,347 | \$118,360 | \$117,636 | 0.6% |
| EARNINGS | | | | | |
| Interest Income | 1,748 | 794 | 2,542 | 2,741 | -7.3% |
| Interest Expense | 495 | 154 | 649 | 937 | -30.7% |
| Net Interest Income | 1,253 | 640 | 1,893 | 1,804 | 4.9% |
| Provision for Loan Losses | 378 | 133 | 511 | 738 | -30.8% |
| Net Income | 100 | 134 | 234 | -85 | -375.3% |
| Cash Dividends | 125 | 63 | 188 | 224 | -16.1% |
| Net Loan Losses | 377 | 130 | 507 | 510 | -0.6% |